BUDGET RESOLUTION/Permission to Use Dividend for Medicare

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1996-2002 . . . S. Con. Res. 13. Exon motion to waive section 305 of the Budget Act for the consideration of the Exon (for Johnston) amendment No. 1175.

ACTION: MOTION REJECTED, 42-57

SYNOPSIS: As reported, S. Con. Res. 13, the fiscal year 1996 Concurrent Budget Resolution, will reduce projected spending over 7 years to balance the budget by fiscal year (FY) 2002 without increasing taxes. Savings that will accrue from lower debt service payments (an estimated \$170 billion) will be dedicated to a reserve fund, which may be used for tax reductions after enactment of laws to ensure a balanced budget. Highlights include the following: the rate of growth in Medicare will be slowed to 7.1 percent; Medicaid's rate of growth will be slowed to 5 percent and it will be transformed into a block grant program; the Commerce Department and more than 100 other Federal programs, agencies, and commissions will be eliminated; welfare and housing programs will be reformed; agriculture, energy, and transportation subsidies will be cut; foreign aid will be cut; defense spending will be cut and then allowed to increase back to its 1995 level; and Social Security will not be altered.

The Exon (for Johnston) amendment would provide that the funds that will accrue in the reserve fund created by this resolution (approximately \$170 billion is expected to accrue) may be spent on the Medicare program. (The resolution provides that the fiscal dividend that will accrue may be used for revenue reductions (tax cuts); no other purpose will be permitted; if not used for revenue reductions, the funds will be used to further reduce the debt. The Senate later voted that the fiscal dividend shall, instead of may, be used for family tax relief and incentives to stimulate savings, investment, job creation, and economic growth (see vote No. 214)).

The amendment was offered after all debate time had expired. However, some statements on amendments were added to the record or were made before the amendments were offered and before debate time had expired. Also, by unanimous consent, 1 minute of time was allowed on each amendment for explanatory statements before each vote. Senator Domenici raised the point of order that the Exon (for Johnston) amendment violated section 305(b)(2) of the Budget Act. Senator Exon then moved to waive section 305 for the consideration of the Exon (for Johnston) amendment. Generally, those favoring the motion to waive favored the amendment; those opposing the motion to waive opposed the amendment.

(See other side)

YEAS (42)			NAYS (57)			NOT VOTING (1)	
Republicans (0 or 0%)	Democrats (42 or 93%)		Republicans (54 or 100%)		Democrats (3 or 7%)	Republicans Democrats	
						(0)	(1)
	Akaka Baucus Biden Bingaman Boxer Bradley Breaux Bryan Bumpers Conrad Daschle Dodd Dorgan Exon Feingold Feinstein Ford Graham Harkin Heflin Hollings	Inouye Johnston Kennedy Kerry Kohl Lautenberg Leahy Levin Lieberman Moseley-Braun Moynihan Murray Nunn Pell Pryor Reid Robb Rockefeller Sarbanes Simon Wellstone	Abraham Ashcroft Bennett Bond Brown Burns Campbell Chafee Coats Cochran Cohen Coverdell Craig D'Amato DeWine Dole Domenici Faircloth Frist Gorton Gramm Grams Grassley Gregg Hatch Hatfield Helms	Hutchison Inhofe Jeffords Kassebaum Kempthorne Kyl Lott Lugar Mack McCain McConnell Murkowski Nickles Packwood Pressler Roth Santorum Shelby Simpson Smith Snowe Specter Stevens Thomas Thompson Thurmond Warner	Byrd Glenn Kerrey	EXPLANAT 1—Official 1 2—Necessar 3—Illness 4—Other SYMBOLS: AY—Annou AN—Annou PY—Paired PN—Paired	ily Absent unced Yea unced Nay Yea

VOTE NO. 209 MAY 25, 1995

NOTE: A three-fifths majority (60) vote is required to weave section 305.

Those favoring the motion to waive contended:

This budget resolution will cut \$257 billion out of Medicare over the next 7 years. Though our colleagues have talked about possible ways in which these cuts may be made, they have not given us any specifics because they do not have any definite plan. This type of budgeting is a rather reckless manner in which to treat the health care program on which millions of elderly Americans depend. At the same time, this resolution also will create a reserve fund of \$170 billion that our Republican colleagues tell us they hope to use to pay for tax cuts. The Johnston amendment would provide an alternative use for this fund. The money could be used for tax breaks, or it could be used to pay for Medicare benefits. If it turns out that Republicans cannot come up with workable reform proposals, then there will be shortfalls in Medicare funding. If such an unfortunate eventuality occurs, the Senate should have the option of using the \$170 billion from the reserve fund to provide needed Medicare benefits instead of tax cuts. The Johnston amendment provides this option, and thus merits our approval.

Those opposing the motion to waive:

The Johnston amendment is just one more in a series of amendments that seeks to instruct the Senate on how to spend the fiscal dividend. Once again, we are forced to reiterate that we agree with the Budget Committee's insistence that this money will not be spent. It will either be given back to the American people in the form of tax cuts, or it will be used for deficit reduction. The wording of the resolution allows for no other use. Our number one priority is getting the budget in balance. The cushion of the fiscal dividend, if it does appear as predicted by the Congressional Budget Office, will be an added reward, but we are very leery of efforts to spend it before it does appear. We urge our colleagues to join us in rejecting this amendment, because we must keep our attention focused on the overriding necessity of balancing the budget and thus saving our country from bankruptcy.